"A Study of services provided by Chartered Accountants to the Assesses in Nashik City"

A

Ph.D. Synopsis

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Abstract:-

An important experience of recent times is the rapid growth of Accountancy and Taxation profession. The vast changes occurring in the economy of the country put immense responsibilities on the Chartered Accountants. It also constitutes a challenge to the profession to their knowledge and skill in their specialized fields of activity.

The types of the functions generally performed by the Chartered Accountants are varied and they depend on the nature of business and status of client. The more important ones are Accountancy, Auditing, Taxation, Cost Accountancy, Investigation, Special company work and Management Accounting. Chartered Accountants play invaluable role in assisting business organizations to utilize resources effectively, increase their efficiency and achieve their goals and objectives. As management consultants, Chartered Accountants render host of consulting services.

Introduction:-

Every Government collects the major part of revenue by way of taxes, which is a compulsory charge imposed by the government without rendering any service to tax-payer. Income-tax i.e. tax on all types of income received by an individual in a given period comes under the direct tax segment which has proved to be the major source of revenue to the government of majority of the countries in the world and an ideal tax from the point of view of equity .

In India, Direct tax contributes 17.43%, Corporate Tax 33.99% and Other Direct tax contributes up to 2.83% means aggregate is 54.35% of the total revenue of the central government. It is levied under Income-Tax Act, 1961. The tax rates change according to financial bill passed by the Central Government in each year in its budgetary session. Though income-tax is one of the important sources to the government finance, it is an evil to tax-payer. In this context, Chartered Accountants who are professionals in the areas help them by way of advising on tax matters as well as finalizing their tax proposals by charging certain fees in the form of service charges. They also provide some other ancillary services on demand of customers by charging separately for it.

Formation of Problem:-

The proposed research will focus various problems created by unawareness from the client side. They do not know the maintenance of books of accountants using accounting software, accounting System, Stock valuation method, accounting Standards, Rules and regulations. Most of Chartered Accountants continue with the traditional practice.

Taxation procedure is too complicated to be understood by the clients. The fear of the process creates a few prejudices related to taxation and Chartered Accountants. There are some difficulties on both the sides in maintaining cordial relationship. Tax-payers do not form any type of associations. They deal with their difficulties on individual levels. It is seen that the friendly relationship between the two has been hampered due to these difficulties in recent years.

Literature Review:-

The following published and unpublished literature related to the research area will be utilized for arguments and conclusions.

Ph.D Theses

Mr.AmareshBagchi'sthesis entitled **"Taxation of Income in India: A Study in base erosion"** (1975) focuses mainly the coverage of the base and the source of its erosion and difficulties arising with respect to the net assertion concept and valuation. To avoid such problems income was recognized only on realization.

Kum. Priyanka Rani in her thesis entitled "**A study of structural changes in provision of Income Tax Scince-1997"** (2005) analyzes the structural changes in the provision of Income Tax in Indian economy and the effects of tax on the economic condition of taxpayer and to device suitable tax policies and structure of the economy.

Mr. Mayank Bandhu's thesis entitled **'An Analytical study of simplification and rationalization of total tax provisions relating to heads of income'** (2010) pinpoints the shortcomings, lacunas and difficulties associated with the provisions

of the Income-tax Act relating to heads of income and then to suggest measures to simplify and rationalize the provisions. It is hoped that the suggestions, if implemented, will guide in the era of faith in the tax payers and will help in eradicating corruption and black money in the economy.

Miss. Rajmane M.R. in her thesis entitled as **"A Critical Study of the services provided by The Income-Tax Consultants to the Selected Individual, Firm & Company assesses in the Sangali- Miraj- Kupwad corporation area"**in 2011 has studied the areas of services provided by tax consultants in very traditional manner. It concludes that more consultants require technical guidance for providing modern services.

Mr. R.V. Deshpande in his thesis entitled **"A study of personal Income Tax Stucture in India with special reference to selected district in Maharashtra"** in 2012 has studied the relationship between tax payer and authorities and suggested improvement that can make the relationship between two better and more cordial which may maximize tax revenue and increase satisfaction of tax payers.

Mr. P.G.Kulkarni has studied the implication of the overall direct tax structure in Indian economy in his thesis entitled '**Evaluation of Law, Practice and Administration of Union Direct Taxes in India**'. Hehas examined the assessment of various direct tax laws in India and also pointed out drawbacks of Governmental practices of Direct Tax Laws.

M. Phil Dissertations:

a. **Desai G.D.**, in her dissertation entitled **'A Review of Direct Tax Reforms in India'** has studied the concept of taxation on presumptive basis.

b. **Dharmadhikari M. R.** in her dissertation entitled **'Procedure for Collection and Recovery of Taxes under Income-Tax Act, 1961'**,has critically examined the provisions regarding TDS & TCS . She recommended simplifying the collection, deduction & refund of tax collected by the department will avoid the double taxation.

c. **Kaddipudi Mallikarjuna N.,** in his dissertation entitled **'Direct Tax Contribution and its Role in the Union Financial Structure'** has studied major role of Direct taxes in total revenue.

d. **Mane R.M.** in his dissertation entitled **'A critical study of Assessment Procedure under the Income-Tax Act, 1961'** has studied the various provisions related to assessment procedure & notices issued under Income Tax.

e. **More A. N.** in his dissertation entitled **'Procedure for Appeals and Revisions under the Income-Tax Law'** has critically examined the Existing system and suggested to simplify the taxation process and to frame fast track Grievance Committees.

f. **Panduranga H** in his thesis entitled **'Corporate Tax Structure under Direct Tax Laws- A Critical Evaluation'** has suggested that there exists an immediate need for simplifying the corporate tax system.

g. **Patil M.B.** has studied critically **'The significance of Income under the Income-Tax Act, 1961'** and recommended maximizing the scope of mobilization of the revenue.

The research area is relatively untouched. Many Chartered Accountants continue with traditional services. The research topic will cover the role of electronic services in providing maximum services to Resident Assessee.

Research Gap:

From 1975 to 2012 researchers covered the Income Tax Area with the angle of Structure & revenue purposes. Only one thesis entitled (2011) is devoted to the study of Direct Tax & Indirect Tax.

Objectives of the study:-

The proposed study has the following objectives.

- To help Chartered Accountants establish confidence and efficiency in, and the fair application of, the tax system to growth as profession.
- To help Chartered Accountants build long lasting relationships with clients of an organization.
- To Study Chartered Accountants responsibility towards the public interest
- There is a need for assurance that all services obtained from a professional accountant are carried out to the highest standards of performance.
- To study various services provided by Chartered Accounts to the assessee
- To study the various difficulties face by Chartered Accountants for providing services to the assessee.

Hypothesis of the study:-

- Chartered Accountants establish confidence and efficiency in tax system and increase the value of profession.
- Chartered Accountants maintain cordial long run relationship with clients.
- Chartered Accountants satisfy responsibility towards the public interest.
- The Chartered Accountants face problems because they cannot avail true and correct information from the clients.
- The Chartered Accountants face problems while providing consultancy services to their clients due to improper book-keeping and documentation by the tax-payers.
- The fear of the process creates in the mind of client some prejudices related to taxation and Chartered Accountants.

Scope of the study

Geographical

Nashik District is located between 18.33 degree and 20.53 degree North latitude and between 73.16 degree and 75.16 degree East Longitude at Northwest part of the Maharashtra state, at 565 meters above mean sea level. The District has great mythological background. Nashik is also known as Mini Kokan because the climate and soil conditions of Surgana, Peth, Igatpuri resembles with Konkan. Niphad, Sinnar, Dindori, Baglan blocks are like Western Maharashtra and yeola, Nandgaon & Chandwad blocks are like Vidarbha Region. Nashik, Malegaon, Manmad, Igatpuri are some of the big cities situated in the Nashik District.

There is a Hindustan Aeronautics Limited aircraft manufacturing plant located 10 mi (16 km) from Nashik. The Currency Note Press and India Security Press are on Nashik Road, where Indian currency and government stamp papers are printed respectively. Nashik also has textile industry, e.g., carpet weaving in remote areas like Surgana Block, National Bank for Agriculture and Rural Development has selected Yeola Block for development of Paithani Cluster. To facilitate the export a container freight station was started at MIDC Ambad by the Central Government. More than 1080 Chartered Accountants are practicing in Nashik city.

Period

The proposed research consists period of 5 years i.e. from Financial Year 2011-2012 to 2015-2016

Research Data

In the proposed research there is critical study of services provided by Chartered Accountants in Nashik city. In Nashik District there are 1130 Chartered Accountants. Out of these 1080 Chartered Accountants work in Nashik city. Chartered Accountants provide their services to client with the latest advancements in information technology.

Research Methodology:-

For the propose research Survey method and Analytical method will be used.

Data collection

Survey method of research will be used for the present study. The data will be collected by using primary & secondary sources.

a. Primary Data –

Primary data will be collected by using questionnaire and observation. Formal and informal discussions will also be held with the Chartered Accountants in Nashik city.

b. Secondary Data-

For the study purpose the required secondary data will be collected by using various published sources. The data regarding number of Chartered Accountants etc. will be collected by visiting WIRC Branch at Nashik. Some government publications will also be used. General taxation information will be collected from various types of office records, committee reports and articles and books published on the issue. Information related to Institute of Chartered Accountants of India, Income-Tax Department of India etc. has been collected through the internet surfing.

Data processing:

For the presentation and study purpose, the collected data will be edited, classified, and tabulated by using usual statistical techniques.

The graphical representation of the data will also be given wherever necessary. The classified and tabulated data will be analyzed and studied by using the techniques such as percentage, averages, means; graphical implication etc. The collected data will be interpreted and the conclusions and suggestions will be derived.

Sampling Design and Methodology

In order to collect concerned primary data, survey and observation methods are proposed to be used. In order to assess the perception of the individual and firm assessee, a separate questionnaire will be utilized for each Chartered Accountant. This is a descriptive type of research. Therefore simple types of statistical techniques such as average, percentage etc. are proposed to be used to analyze the data.

1. Population consist only 1080 Chartered Accountant practicing in Nashik city.

2. From the total population 10 % sample will be selected for the research proposal using random sampling or stratified random sampling method.

3. 10 clients of each selected Chartered Accountants will be assessed for data collection.

Chapter Scheme:-

The tentative chapter scheme is given below. It will be modified or expanded further in tune with objectives and hypothesis set for present study after collection analysis and interpretation of data.

Chapter 1: **Introduction**

Chapter 2: **Historical review of Income Tax**

Chapter 3: **Tax Planning**

Chapter 4: **Services provided by Chartered Accountants**

Chapter 5: **Data Analysis and Interpretations**

Chapter 6: **Findings and Recommendations**

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(Researcher) **(Research Guide)**

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